

Attachment 2

State Street Global Advisors:

Similar to Pareto, SSgA employs a risk control strategy designed to capture 60% of any available upside due to currency gains during positive return periods, while limiting any losses to three percent below the fully hedged benchmark during negative return periods. Their market philosophy incorporates fundamentals, long term valuations and technical analysis. SSgA's approach helps to diversify the portfolio as their approach to currency overlay is different from Pareto's.

Over the twelve-month period ending September 30, 2008, SSgA underperformed the fully hedged benchmark by -1.28%. SSgA returned -1.59% versus -0.31% for the fully hedged benchmark. On an unhedged basis the currency return was -2.49% over the same period. Thus SSgA's performance trailed the hedged benchmark, although it did outperform the unhedged currency return.

SSgA's performance is detailed in Table 4 below. It, too, encompasses periods of both dollar strength and dollar weakness. The shaded rows in the table with positive unhedged currency return correspond to periods of foreign currency strengthening vs. the US dollar. In those years, the manager has the opportunity to generate alpha. SSgA generated alpha in both periods, but the alpha was below the program target of capturing 60% of the potential upside. On average, SSgA captured approximately 27.3% of the upside. In the September 2002 to September 2004 period of foreign currency strength, they captured an average of 3.97%, while in the period from September 2006 to September 2007, they captured 70.35%.

Table 4

Period	SSgA's Return	Fully Hedged Benchmark	Unhedged Currency Return
Year ending 9/97	0.48%	1.65%	-7.00%
Year ending 9/98	-1.24%	1.25%	-0.24%
Year ending 9/99	3.42%	1.71%	-0.08%
Year ending 9/00	-1.68%	2.55%	-11.10%
Year ending 9/01	2.26%	1.08%	-1.07%
Year ending 9/02	1.38%	-0.81%	5.54%
Year ending 9/03	1.23%	-1.04%	12.32%
Year ending 9/04	-1.54%	-0.96%	5.89%
Year ending 9/05	-0.57%	0.39%	-1.45%
Year ending 9/06	2.42%	2.20%	2.39%
Year ending 9/07	4.23%	1.90%	10.73%
Year ending 9/08	-1.59%	-0.31%	-2.49%
Cumulative from inception	8.84%	9.94%	11.49%

Source: State Street Bank and CalPERS

Members of the Investment Committee

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Page 12

Since inception in October 1996, SSgA has underperformed the fully hedged benchmark by -1.10% on a cumulative basis, returning 8.84% versus 9.94% for the fully hedged benchmark. During this same time period, the unhedged currency return has been 11.49%. Note that SSgA has a different inception date than Pareto Partners.